



FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Website: <http://www.fareastconsortium.com.hk>

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2002

RESULTS

The Board of Directors of Far East Consortium International Limited (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2002 together with comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2002

		Year ended 31st March,	
		2002	2001
	Notes	HK\$'000	HK\$'000
Turnover	2	691,590	510,353
Cost of sales		(521,944)	(323,691)
Gross profit		169,646	186,662
Other revenue		35,782	26,195
Selling and distribution costs		(4,427)	(7,506)
Administrative expenses		(130,869)	(117,810)
Other operating expenses	5	(28,347)	(34,807)
Unrealised holding losses on investments in securities		(2,464)	(13,482)
Impairment losses recognised in respect of overseas properties and investment	6	(177,078)	–
Loss on profit guarantee	7	(18,145)	–
Profit on disposal of subsidiaries		–	18,637
Warrant reserve released on expiration of warrants expired		–	24,768
Share of results of a jointly controlled entity		3,124	4,975
Share of results of associates		(7,927)	20,292
Finance costs	8	(47,210)	(50,807)
(Loss) profit before taxation		(207,915)	57,117
Taxation	9	(4,343)	(12,403)
(Loss) profit before minority interests		(212,258)	44,714
Minority interests		8,128	3,198
Net (loss) profit for the year		(204,130)	47,912
Dividends	11	19,049	18,783
(Loss) earnings per share – Basic and diluted	12	(21 cents)	5 cents

Notes:

1. Basis of presentation and comparative figures

The Group has adopted the following new and revised Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants in preparation of the financial statements for the current year. Accordingly, certain comparative figures for the prior year have been restated in order to achieve a consistent presentation.

SSAP 9 (Revised)	Events after the Balance Sheet Date
SSAP 14 (Revised)	Leases

2. Turnover

Turnover represents the aggregate amount of gross rental and management fee income, proceeds from sales of properties and investments, loan interest income and commitment fees received, income from hotel operations, and sales of boiler products, less returns and discount.

3. Segmental information

Business segments

For management purposes, the Group is currently organised into five operating divisions - securities investment, property development and investment, hotel operations, industries, and treasury. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Securities investment	–	securities investment
Property development and investment	–	properties development, investment in properties and property rental
Hotel operations	–	hotel operation and management
Industries	–	boiler manufacturing
Treasury	–	loan financing

Segment information about these businesses is presented below:

2002

	Property development and investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Industries <i>HK\$'000</i>	Treasury <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER								
External sales	567,499	50,217	41,908	26,745	5,221	–	–	691,590
Inter-segment sales	30,112	–	–	–	–	–	(30,112)	–
Total turnover	<u>597,611</u>	<u>50,217</u>	<u>41,908</u>	<u>26,745</u>	<u>5,221</u>	<u>–</u>	<u>(30,112)</u>	<u>691,590</u>

Inter-segment sales are charged at prevailing market rates.

RESULT

Segment results	<u>39,997</u>	<u>(4,290)</u>	<u>5,351</u>	<u>(17,825)</u>	<u>(7,288)</u>	<u>(2,327)</u>	<u>(1,777)</u>	11,841
Other revenue	3,122	338	1,381	1,193	27,421	2,327	–	35,782
Unrealised holding losses on investment in securities	–	(2,464)	–	–	–	–	–	(2,464)
Impairment losses recognised in respect of overseas properties and investment	(167,518)	(9,560)	–	–	–	–	–	(177,078)
Loss on profit guarantee	(18,145)	–	–	–	–	–	–	(18,145)
Share of results of a jointly controlled entity	–	–	–	–	–	3,124	–	3,124
Share of results of associates	3,186	(9,721)	–	–	256	(1,648)	–	(7,927)
Finance costs								(47,210)
Unallocated corporate expenses								<u>(5,838)</u>
Loss before taxation								(207,915)
Taxation	(3,371)	(180)	–	–	(308)	(484)		<u>(4,343)</u>
Loss after taxation								<u>(212,258)</u>

2001

	Property development and investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Industries <i>HK\$'000</i>	Treasury <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER								
External sales	392,806	7,864	42,148	52,072	15,463	–	–	510,353
Inter-segment sales	<u>29,898</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(29,898)</u>	<u>–</u>
Total turnover	<u>422,704</u>	<u>7,864</u>	<u>42,148</u>	<u>52,072</u>	<u>15,463</u>	<u>–</u>	<u>(29,898)</u>	<u>510,353</u>

Inter-segment sales are charged at prevailing market rates.

RESULT

Segment results	<u>47,136</u>	<u>18,900</u>	<u>(7,607)</u>	<u>(10,360)</u>	<u>(8,840)</u>	<u>(305)</u>	<u>(3,539)</u>	35,385
Other revenue	16,150	–	–	1,043	8,696	306	–	26,195
Unrealised holding losses on investment in securities	–	(13,482)	–	–	–	–	–	(13,482)
Profit on disposal of subsidiaries	–	–	–	–	–	–	–	18,637
Warrant reserve released on expiration of warrants	–	–	–	–	–	–	–	24,768
Share of results of a jointly controlled entity	–	–	–	–	–	4,975	–	4,975
Share of results of associates	(2,947)	(11,221)	–	–	27,086	7,374	–	20,292
Finance costs								(50,807)
Unallocated corporate expenses								<u>(8,846)</u>
Profit before taxation								57,117
Taxation	(9,119)	(103)	–	–	(2,588)	(593)		<u>(12,403)</u>
Profit after taxation								<u>44,714</u>

Geographical segments

A geographical analysis of the Group's turnover and contribution to (loss) profit before taxation, by location of market, is as follows:

	Sales revenue by geographical market		Contribution to (loss) profit before taxation	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
By geographical				
Hong Kong	84,350	80,029	(14,134)	(1,849)
Other regions in the Peoples' Republic of China ("PRC")	104,525	241,704	(112,519)	(8,746)
Malaysia	307,815	119,945	49,306	44,589
United States of America	1,384	13,054	(650)	(10,273)
Australia	188,137	49,778	(83,316)	44,023
Singapore	5,379	5,843	(677)	(1,202)
Others	—	—	(45,925)	(9,425)
	<u>691,590</u>	<u>510,353</u>	<u>(207,915)</u>	<u>57,117</u>
4. Depreciation and amortisation				
			2002 HK\$'000	2001 HK\$'000
Depreciation of:				
Owned assets			9,705	13,422
Assets held under finance leases			177	398
			<u>9,882</u>	<u>13,820</u>
5. Other operating expenses				
			2002 HK\$'000	2001 HK\$'000
Included in other operating expenses is:				
Loss on termination of a development project			8,698	—
Allowance for recoverability of advances to associates			2,981	12,109
Amortisation of deferred compensation cost			2,178	2,151
Amortisation of interest in a jointly controlled entity			2,905	2,905
			<u>16,762</u>	<u>17,165</u>
6. Impairment losses recognised in respect of overseas properties and investment				
			2002 HK\$'000	2001 HK\$'000
Impairment loss recognised on completed properties for sale			79,660	—
Impairment loss recognised on property under development			33,932	—
Impairment loss recognised on investment in associates			53,925	—
Impairment loss recognised on deposit for acquisition of an investment			9,561	—
			<u>177,078</u>	<u>—</u>
7. Loss on profit guarantee				
The Group had entered into an agreement with the underwriters for the purpose of the listing of its subsidiary, New China Homes, Ltd. ("NCH") on NASDAQ stock market in the United States of America. Pursuant to the agreement, the Group has agreed that 25% of NCH shares held by the Group will be cancelled if the net income of NCH is less than US\$10 million in the first year and another 25% of NCH Share's held by the Group will be cancelled if the net income of NCH is less than US\$20 million in the second year after listing on NASDAQ. Since the profit guarantee could not be met during the two years, totalling 50% of the NCH shares held by the Group has been cancelled during the year which has resulted in a loss of HK\$18,145,000.				

8. Finance costs

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans and overdrafts		
– wholly repayable within five years	31,325	52,632
– not wholly repayable within five years	5,988	193
Other loans		
– wholly repayable within five years	20,378	11,828
Finance leases	48	106
Other finance costs	2,141	2,347
	<hr/>	<hr/>
Total borrowing costs	59,880	67,106
Less: amounts capitalised	(3,937)	(14,435)
amount included in cost of sales	(8,733)	(1,864)
	<hr/>	<hr/>
	47,210	50,807
	<hr/> <hr/>	<hr/> <hr/>

9. Taxation

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
The (credit) charges comprises		
Profits for the year		
Hong Kong	1,697	2,759
Other regions in the PRC	579	5,834
Other jurisdictions	6,208	2,221
	<hr/>	<hr/>
	8,484	10,814
	<hr/>	<hr/>
Prior years		
Hong Kong	(492)	5
Other regions in the PRC	15	–
Other jurisdictions	–	278
	<hr/>	<hr/>
	(477)	283
	<hr/>	<hr/>
Deferred taxation		
Other regions in the PRC	(5,173)	(251)
	<hr/>	<hr/>
Taxation attributable to the Company and its subsidiaries	2,834	10,846
Share of taxation attributable to associates	1,509	1,557
	<hr/>	<hr/>
	4,343	12,403
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Hong Kong Profit Tax is calculated at 16% of the estimated assessable profit of each individual company, after making adjustments for taxation purposes and after deducting any available tax relief for losses brought forward. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

10. Share premium and reserves

	Share premium	Capital redemption reserve	Other reserve	Assets revaluation reserve	Investments properties revaluation reserve	Special reserve	Exchange reserve	Investment revelation reserve	Warrant reserve	Retained profits	Total
	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000
THE GROUP											
At 1st April, 2000											
- as previously responded	647,806	253	169,352	169	182,888	869,357	(163,908)	(38,277)	24,768	650,122	2,342,530
- prior year adjustment (note 1)	-	-	-	-	-	-	-	-	-	18,783	18,783
- as restated	647,806	253	169,352	169	182,888	(869,357)	(163,908)	(38,277)	24,768	668,905	2,361,313
Credit arising on scrip dividend	5,322	-	-	-	-	-	-	-	-	-	5,322
Revaluation decrease in the year	-	-	-	-	(21,143)	-	-	(17,796)	-	-	(38,939)
Net profit for the year	-	-	-	-	-	-	-	-	-	47,912	47,912
2000 final dividends paid	-	-	-	-	-	-	-	-	-	(18,783)	(18,783)
Share of associate's reverses movement during the year	-	-	-	-	10,064	-	(26,634)	-	-	-	(16,570)
Exchange difference on translation of overseas operations	-	-	-	-	-	-	2,125	-	-	-	2,125
Released on expiry of warrants	-	-	-	-	-	-	-	-	(24,768)	-	(24,768)
At 31st March 2001	653,128	253	169,352	169	171,809	869,357	(188,417)	(56,073)	-	698,034	2,317,612
Credit arising on scrip dividend	5,524	-	-	-	-	-	-	-	-	-	5,524
Revaluation increase (decrease) during the year	-	-	-	275,581	(16,551)	-	-	(4,532)	-	-	254,498
Net loss for the year	-	-	-	-	-	-	-	-	-	(204,130)	(204,130)
2001 final dividends paid	-	-	-	-	-	-	-	-	-	(19,049)	(19,049)
Realised on disposal of assets	-	-	-	-	-	-	20,523	-	-	-	20,523
Share of associate's reserves movement during the year	-	-	-	-	(87,442)	-	(1,512)	-	-	-	(88,954)
Exchange difference on translation of overseas operations	-	-	-	-	-	-	13,585	-	-	-	13,585
At 31st March, 2002	658,652	253	169,352	275,750	67,816	869,357	(155,821)	(60,605)	-	474,855	2,299,609

The special reserve of the Group represented the difference between the nominal value of the share capital issued by the Company and the aggregate of the share capital and the share premium of the subsidiaries acquired pursuant to the group reorganisation in 1991.

The other reserve of the Group represented share premium attributable to subsidiaries pursuant to the Group reorganisation in 1991.

11. Dividends

During the year, scrip dividend alternatives were offered in respect of the 2001 and 2000 final dividends. These scrip dividend alternatives were accepted by the majority of shareholders, as follows:

	2002 HK\$'000	2001 HK\$'000
Dividends:		
Cash	11,995	12,131
Share alternative	7,054	6,652
	<u>19,049</u>	<u>18,783</u>

The final dividend of HK2 cents (2001: HK2 cents) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

12. (Loss) earnings per share

The calculation of basic (loss) earnings per share is based on the net loss for the year of HK\$204,130,000 (2001: net profit of HK\$47,912,000) and on the weighted average number of 958,823,000 (2001: 944,724,000) ordinary shares in issue during the year.

No diluted earnings per share have been presented because the exercise price by the Company's share options were higher than the average market price of share for both 2002 and 2001.

DIVIDENDS

The directors recommend a final dividend for the year ended 31st March, 2002 of 2 cents (2001: 2 cents) per share to shareholders whose names appear on the Company's Register of Members on 28th August, 2002 amounting to approximately HK\$19,355,000. The final dividend will take the form of a scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements ("Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the annual general meeting to be held on 28th August, 2002; and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the five trading days prior to and including 28th August, 2002. Full details of the Scrip Dividend Scheme will be set out in a circular to shareholders together with a form of election on or before 3rd September, 2002. Dividends warrants or new shares certificates will be posted on 30th September, 2002.

BOOK CLOSE

The registers of members of the Company will be closed from Friday, 23rd August, 2002 to Wednesday, 28th August, 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Standard Registrars Limited of 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on Thursday, 22nd August, 2002.

REVIEW OF OPERATIONS, OUTLOOK AND STRATEGY

During the financial year ended 31st March 2002, the turnover was HK\$691,590,000, an increase of 35% as compared to HK\$510,353,000 of the corresponding period in 2001. The loss for the year was HK\$204,130,000.

1. Disposal of overseas and non-core assets

During the year under review, the Group has disposed of several overseas assets and certain non-performing investments which is consistent with our corporate mission set down in our previous annual report. The effect of those disposals created an aggregate loss amounting to approximately \$177,000,000 with the major items being loss on disposal of the Cambridge Building in Edmonton, Canada of approximately \$40,000,000; loss on disposal of The Dolphin Arcade at Gold Coast, Queensland, Australia approximately \$39,500,000; and the land investment in Xiamen, China of approximately \$34,000,000. The balance of approximately \$63,500,000 were represented by provision against several overseas non-performing investments. It is most unfortunate that we have to dispose of some of the overseas assets at a loss in the recent depressed market condition. However, I must emphasize that the group is determined to continue this exercise as we are aiming to increase our land and investment holding both in Hong Kong and China and will become a more focused company. The bright side is that our operation profit and cashflow will continue to improve. The management was clearly aware of this objective in the last few years, it was more than just an economical cycle in Hong Kong. Hong Kong economy is going through some infrastructure changes which are inevitable but we firmly believe that the future of Hong Kong and China will be bright in the long term.

2. Property Division

Hong Kong

Baker Street, Hung Hom - a 32-storey commercial-residential development with a gross floor area of 55,000 sq.ft. comprises of 104 residential units, 26 car-parks and 2 floors of shopping units ready for occupation by September 2002. Over 30 units have been sold to date.

Pak Shek Wo, Sai Kung - a 15 detached house development with a total gross floor area of 18,000 sq.ft. built on a 30,000 sq.ft. site. Construction has commenced and the pre-sale launch is scheduled for October/November 2002.

Chuk Kok - Sai Kung - a 10 detached house development with a total gross floor area of 12,000 sq.ft. built on a 30,000 sq.ft. site. Site formation is currently in progress while the pre-sale launch is expected in the first quarter of 2003.

Tan Kwai Tsuen, Yuen Long - this project is a 4-storey apartment development with 62 units totaling approximately 52,000 sq.ft. of gross floor areas, is in the process of applying land exchange and access road formation.

Sheung Yeung, Sai Kung - a proposed development of 24 village houses with a total gross floor area of approximately 50,000 sq.ft. Building work on phase 1 with 4 houses has been commenced in July, 2002. Other phases will be depending on government approval schedule.

Hung Shui Kiu, Yuen Long - a 7-storey residential development project with a total gross floor area of approximately 38,000 sq.ft. which is currently in the process of applying for land exchange.

Fung Lok Wai, Yuen Long - raw land with total area approximately 8,610,000 sq.ft. which will be developed into a residential estate. No definite plan for this development at present. The Group holds 21.66% beneficial interest in this project.

China

California Garden, Shanghai - a residential development with a land area of 14.5 million sq.ft. and an approved built-up area of 12.4 million sq.ft. A total of 2,500 units of houses have been built with over 95% sold to date since its first phase development in 1997. Upon full development in 5 to 6 years, a total of over 8,500 units would have been built. This project will show major contribution of profit for the Group.

New Time Plaza, Guangzhou - the Group owns 45% of this development comprises of an auxiliary building completed with 8,000 sq.m. and a proposed 29-storey residential tower with a gross floor area of approximately 27,000 sq.m. Construction work is in progress.

Malaysia

With continuing revival of the Malaysian economy, the housing sales have contributed positively to the Group's operation. The Group is still confident that the Malaysian property market remains stable and the demand for medium cost housing continues to be high.

Karunmas Ehsan - this project consists of a total of 812 units of terrace house, condominium, low cost flats and shop offices. Occupancy Permits for Phase 1 and 2 totaling 426 units of terrace houses have been obtained and in Phase 3, comprising 240 units of condominiums is in process of completion.

Taman Teluk Gedong Ludah - this project consists of 628 units of terrace houses and 200 units of low cost flats. The project has been substantially completed and is in the process of obtaining occupancy permits.

Australia

St Kilda Road, Melbourne - the construction of residential units of 360 St. Kilda Road have been completed on schedule in August 2001 and fully delivered to the unit holders. This project has a satisfactory contribution to the Group's profit.

Flinder Wharf, Melbourne - the Group owns 50% of a high-class residential development with 226 units located on the Yarra River in the city of Melbourne next to the Melbourne Exhibition and Convention Centre and The Crown Casino. The project has achieved over 90% sold to date. Construction has been in progress since February 2002 and will be scheduled to complete by Mid 2004. Upon delivery of completed apartments, the Group will yield a handsome profit from this project.

3. Hotel Division

Dorsett Garden Hotel and Dorsett Seaview Hotel - the Group operates two 3-stars hotels in Hong Kong with a total of 356 rooms. The two hotels maintain an occupancy rate of over 90% on monthly weighted average and provide a steady income to the Group.

Dorsett Regency Hotel, Kuala Lumpur - this hotel continues to perform well with 320 rooms and with high occupancy throughout the year under review.

Kau U Fong, Central - a hotel development site for approximately 167 rooms in a 34-storey building with a total gross floor area of approximately 63,000 sq.ft. Building plans have been submitted for government approval. Completion date for this hotel is scheduled for late 2004.

Anchor Street, Tai Kok Tsui - a 21-storey hotel development with approximately 137 rooms with a gross floor area of 46,000 sq.ft. With the town planning application approved, construction is expected to commence in October 2002.

Dallas Grand Hotel, Dallas, USA - after the 911 event in the USA, the Group has decided to tie up this hotel with an international 'Brand' and is currently reviewing the franchise arrangement with the prospective Brand with the view to continue its operation with 700 rooms together with the convention facilities. The refurbishment and upgrading program of this hotel will commence when the franchise agreement is finalised.

4. Industrial Infrastructure Division

The boiler factory in Guangzhou had a moderate performance. The Board believes that the operation of the boiler factory will gradually improve.

The Company has completed construction of a 68% interest in the 44km of the National Highway 311 in Henan Province which has been fully operational since January 2001 with two-ways tollroad collections. This investment yields a good return for the Group for the year under review.

5. Recurrent Income

The Group's rental income comes mainly from four commercial/office buildings in Hong Kong.

The occupancy rate of leased tenants maintained 90% during this review period.

6. Corporate Strategy and Outlook

We will continue with the following objectives set last year:

- (a) dispose of our overseas assets and the non-core businesses in the Group;
- (b) strengthen our investment in 3 and 4 stars hotels in Hong Kong and China to meet the emerging demands of tourist occupancy for the advent of 2008 Beijing Olympics in China;
- (c) build quality and price competitive properties for sales; and
- (d) strive for management creativity, transparency and excellence.

FINANCIAL RESOURCES AND LIQUIDITY

Borrowing and charges on group assets

The business activities of the Group are funded by bank borrowing, unsecured loans and cash generated from operating activities. The Group's total bank and other borrowings amount to approximately HK\$1,209 million as at 31st March 2002 (2001: HK\$1,011 million), in which HK\$413 million was payable within one year and HK\$796 was payable after one year. HK\$1,086 million of the borrowings was secured while the remaining HK\$123 million was unsecured.

Interest rates were in line with the best lending rates either at prime or based on the Hong Kong Inter-bank Offer Rate. The Group did not have any financial instruments used for hedging purpose.

Capital commitments

At the balance sheet, the Group had contracted but not provided on property development expenditure of approximately HK\$260 million (2001: HK\$191 million) and the Group had authorised but not yet contracted for additional expenditure of a property development project in Shanghai of approximately HK\$217 million (2001: HK\$211 million).

Gearing ratio

The gearing ratio (total bank borrowing to shareholders' equity) as at 31st March 2002 was 50% (2001: 42%).

Current ratio

The current ratio is 1 (2001: 1.20). The Group has maintained sufficient liquid assets to finance its daily operation.

Exchange rate

The Group was not exposed to material exchange rates fluctuations during the year.

Pledge of assets

At 31st March, 2002, the Group's properties and bank deposit with an aggregate net book value of approximately HK\$1,707 million (2001: HK\$1,652 million) together with the properties of associates and third parties were mortgaged or pledge to the Group's bankers and loan creditors to secure banking and loan facilities to the Group and its associates to the extent of approximately HK\$1,390 million and HK\$5 million (2001: HK\$1,328 million and HK\$101 million) respectively.

Contingent liabilities

At the balance sheet date, contingent liabilities of the Group in respect of guarantees issued to secure banking facilities made available to subsidiaries, third parties and an investee company were approximately HK\$82 million (2001: HK\$55 million).

Material acquisitions and disposals of subsidiaries and associated companies

During the year, there was no material acquisition of subsidiaries and associated companies by the Group.

EMPLOYEE AND REMUNERATION POLICIES

The total number of employees of the Group as at 31st March, 2002 was approximately 1,500.

Employees are remunerated according to nature of jobs and market conditions. The Group has not adopted any training scheme for the employees during the year. Details of share option scheme will be disclosed in the Company's annual report for the year ended 31st March, 2002.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

During the year, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNUAL RESULTS IN THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A detailed annual results containing the information required by paragraphs 45(1) and 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be released on the Stock Exchange's website in due course.

By Order of the Board

David Chiu

Deputy Chairman

Hong Kong, 24th July, 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Far East Consortium International Limited (the "Company") will be held at the Penthouse, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong on Wednesday, 28th August, 2002 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st March, 2002.
2. To declare a final dividend.
3. To re-elect directors and to fix the directors' fees.
4. To re-appoint auditors and to authorize the directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass with or without modification, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

A. "THAT:

- (i) subject to paragraph (iii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (i) above, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); (b) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (c) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time; or (d) an issue of shares under any option scheme or similar arrangement for the grant or issue to employees and/or other eligible persons of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (iv) For the purpose of this Resolution,

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company)."

B. **“THAT:**

- (i) subject to paragraph (ii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (iii) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - (c) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

C. **“THAT** subject to the passing of the Resolution Nos. 5A and 5B set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot and deal with additional shares pursuant to Resolution No. 5A set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5B set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing the said Resolution.”

D. **“THAT** conditional upon the Listing Committee of the Stock Exchange approving the share option scheme (the “New Scheme”) (a copy of which marked “A” is produced to the Meeting and signed for the purpose of identification by the Chairman of the Meeting and the principal terms of which have been summarised in Appendix II to the document of the Company dated 31st July 2002) and the granting of options to subscribe for new ordinary shares of HK\$0.10 each (the “Shares”) in the capital of the Company under the New Scheme, and granting the listing of, and permission to deal in, any new Shares which may fall to be issued pursuant to the exercise of the subscription rights under the options that may be granted under the New Scheme:

- (a) the New Scheme be and is hereby approved and adopted;
- (b) the Directors of the Company be authorised to grant options to subscribe for Shares under the New Scheme, to allot, issue and deal with Shares pursuant to the exercise of options that may be granted under the New Scheme provided that the total number of Shares which may be issued upon exercise of the options to be granted under the New Scheme and any other share option scheme of the Company and/or its subsidiary shall not exceed 10% of the aggregate nominal value of the share capital of the Company in issue at the date of passing this Resolution, and to do all such acts and things as they consider necessary or expedient to give effect to the New Scheme; and
- (c) the existing share option scheme of the Company adopted on 28th September 2000 be and is hereby terminated in accordance with its terms.”

By Order of the Board
Chow Kwok Wor
Company Secretary

Hong Kong, 24th July, 2002

Notes:

1. The register of members of the Company will be closed from Friday, 23rd August, 2002 to Wednesday, 28th August, 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrars, Standard Registrars Limited of 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on Thursday, 22nd August, 2002.

2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.
3. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the principal office of the Company at 16th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. A circular containing further details regarding Resolutions Nos. 5A to 5D above will be sent to shareholders in due course.